

The Effectiveness of Government Internal Audit and the Influencing Factors: Empirical Evidence from Aceh-Indonesia

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Abstract: It continues to be questioned about the issues in the effectiveness of government internal audit in recent years. It is due to many reports of corruption cases which generally come from outside the government, and none of which comes from internal audit agencies as government internal control apparatus. This study is to examine and analyze the effectiveness of government internal audits and what factors that influence the effectiveness of internal audit. This study identifies the factors as management support, auditee perceptions on internal audit function, organizational independence, and the competency of internal audit staff. This study is conducted in Aceh Province by taking a sample of 15 inspectorates in Aceh Province with the respondents of 332 government internal auditors who work in it. Primary data is collected through questionnaires that are sent directly to internal auditors. Data are analyzed by a mean test and multiple linear regressions. The study results show that government internal auditors in Aceh still carry out their duties effectively. This disputes the issues that say internal audit is not effective. The factors that influence the effectiveness of internal audit are the existence of high management support, positive auditee perceptions on internal audit function and audit staff competency, while organizational independence is the factor that does not influence the effectiveness of internal audit.

1 INTRODUCTION

The effectiveness of government internal audit in the past few years has been questioned as many corruption cases that have involved regional officials both at the levels of district and province (Anggoro, 2015; Gintings and Budi, 2017). Throughout 2004-2018 there were 781 corruption cases that are handled by Corruption Eradication Commission (KPK). Of the cases, there are 358 cases or 45.84% involves regional government administrators (KPK, 2018). Internal audits seem ineffective in preventing such irregularities. Government internal audits should be an early detection tool in preventing state financial irregularities though.

The effectiveness of government internal audits is an important requirement along with the increasing demands of the community for the implementation of good regional government financial management. Internal audit has become a control tool that must be used by both the private and the public sectors (Cohen and Sayag, 2010; M. Badara and Saidin, 2013). Therefore is time for management to seriously provide an effective role for internal audits in the organization (Sumritsakun and Ussahawanitchakit, 2009), especially in

regional governments in order to contribute to the improvement of organizations (S. Badara and Saidin, 2013) and important parts of government organizational structures (Coram, Ferguson and Moroney, 2008). In the broader context of organization management and control, governance and risk management processes are inherent in internal audit function (Asare, 2009; Prawitt, Smith and Wood, 2009).

There has not been done much about the study that observes whether internal audit is still effective. This study examines the effectiveness of government internal audits so that it can provide an overview of whether the government internal audit is still effective or not in carrying out its duties. In addition, this study also examines what factors that influence the effectiveness of government internal audits.

2 LITERATUR REVIEW

The Effectiveness of Internal Audit

Internal audit plays an important role in an organization both private and public sectors in this

case the regional government. Internal audit functions as a reviewer in the process of preparing financial statements both business and non-profit (Reynolds, 2000). Internal auditors play a key role in monitoring risk and identifying potential areas of increased risk (Goodwin-Stewart and Kent, 2006). The purpose of internal audit is to improve the efficiency and effectiveness of the organization through constructive criticism.

The Institute of Internal Auditors (IIA) defines internal audit: as an independent and objective form of confidence and consultation which is designed to add value and improve organizational operations. Internal audit helps organizations achieve their goals by introducing a systematic and disciplined approach to evaluating and increasing the effectiveness of the risk management, control and management processes (Mihret and Yismaw, 2007). This definition shows that internal audits have a paradigm shift from emphasizing past accountability to improve future outcomes to help the auditee operates more effectively and efficiently (Stern, 1994; Cenker and Nagy, 2002; Goodwin, 2004; Mihret and Yismaw, 2007).

The role of internal audit is increasingly important in management and supervision (Prawitt, Smith and Wood, 2009), and its effectiveness in carrying out its responsibilities must have a higher frequency (Alzeban and Sawan, 2013). Effectiveness in carrying out its functions will have an impact on the quality of financial information which is presented by management. The word "effectiveness" has been defined differently by researchers. For example, Arena and Azzone (2009) define effectiveness as the ability to get results that are consistent with the target goals. Meanwhile, Dittenhofer (2001) views effectiveness as the ability to achieve goals and objectives. In the same context, a program can be seen as effective if the results are in line with its objectives (H. N. Ahmad *et al.*, 2009; Mihret, James and Joseph, 2010). In terms of the effectiveness of internal audits, it means the ability of internal auditors to achieve the goals which are set out in regional government (S. Badara and Saidin, 2013). This is in line that the purpose of internal audit for each organization depends on the objectives which are set by the management of the organization (Pungas, 2003) thus the purpose of internal audits in regional government must also go according to the targets which are set by the regional government. Based on the description, the research hypothesis is:

H1: Government internal audit is still effective in Aceh Province.

The Factors Influencing the Effectiveness of Government Internal Audit

The effectiveness of internal audit can be influenced by several factors, such as auditor professional expertise (Al-Twaijry, Brierley and Gwilliam, 2003; Mihret and Yismaw, 2007; Arena and Azzone, 2009; Anto, Sutaryo and Payamta, 2016). Other factors are auditor competency, independence and objectivity of internal auditors and management support (Mihret and Yismaw, 2007; Cohen and Sayag, 2010; Baharuddin, Alagan and Mohd, 2014), internal audit quality (Mihret and Yismaw, 2007; Cohen and Sayag, 2010). The independence factor is a widely studied factor, namely (Al-Twaijry, Brierley and Gwilliam, 2003; Cohen and Sayag, 2010; Mihret, James and Joseph, 2010; D'Onza *et al.*, 2015).

Arena and Azzone (2009) suggest that the characteristics of the audit team, audit processes and activities, and organizational relationships are what affect the effectiveness of internal audit. Mihret and Yismaw (2007) have identified organizational characteristics in increasing or decreasing the effectiveness of internal audits. They find that internal audit quality influence the effectiveness of internal audits.

Furthermore, Alzeban and Gwilliam (2014) suggest the factors that influence the effectiveness of the internal audit at the public sectors in Saudi Arabia are the competency of internal audit department staff, the relationship between internal and external auditors, management support for internal audits and internal audit independence. Whereas MacRae and Gils (2014) identify nine elements for the effectiveness of external audits in the public sector, they are (1) organizational independence, (2) a formal mandate, (3) unrestricted access, (4) sufficient funding, (5) competent leadership, (6) objective staff, (7) competent staff, (8) stakeholder support, and (9) professional audit standards.

Based on several previous studies, this study identifies four factors that influence the effectiveness of government internal audits in Aceh Province, and they are management support, auditee perceptions of internal audit function, organizational independence, and the competency of internal audit staff. These factors are very appropriate to see the relation with the effectiveness of government internal audit whose research subject is the inspectorate auditor as the government internal supervisor apparatus. The factor of management support according to Cohen and Sayag (2010) is in the form of support for programs of internal audit activities and ensures that internal audits have adequate resources that are needed to carry out all audit work. Management support means the support

from the leadership of an internal audit entity, in any form that can be used for the smooth implementation of internal audit duties and responsibilities. AAPI (2014) have stipulated that the head of an internal audit entity must communicate and request approval of the annual internal audit activity plan to the leadership of the ministry/institution/regional government. This is the first step in providing support to internal audit entity. There are existence of a well-planned activity plan, and followed by the provision of support in the form of human resources, finance, as well as facilities and infrastructure for the smooth implementation of their duties and responsibilities.

The factor of auditee perception is a process that someone uses to manage and to interpret their sensory impressions in order to give meaning to their environment (Robbins, 2006). The auditee perceptions of internal audit function will be able to increase the effectiveness of internal audits if the auditee perceives positive internal audits. Conversely, if the auditee perception is negative about internal audit, the internal audit activities become ineffective.

The factor of independence in an audit is interpreted as a situation in which the auditor is in a free position, he is not bound by any party, and there is not intervention from any party in carrying out his work. Auditors must be sufficiently independent of auditing and ensure that they can do their work without intervention or interference (Cohen and Sayag, 2010). This is certainly not easy, as it is expressed by Mihret, James and Joseph (2010), that there will be difficulties for internal auditors to maintain independence because internal auditors are basically part of the organization as employees. The same thing is also stated by Salsabila and Prayudiawan (2011) that internal auditors would have problems when they had to report findings that did not benefit management or auditing with their position as workers within the organization that they are audited.

The factor of competency of internal audit staff is the expertise from auditor personnel who will contribute in running the audit task. Personnel expertise will be a guarantee for the organization that the assigned tasks will be completed properly. The same applies to internal audit entities. An auditor performance will be carried out by using technical competencies, including education, experience, and ongoing training (Awaluddin, 2013). According to the internal audit standard (AAPI, 2014), the effective role of APIP can be realized if it is supported by professional and competent auditors, such as education, knowledge, expertise and skills, experience, and other

competencies which are needed to carry out their duties and responsibilities.

Based on the description above, the hypothesis of this study are:

- H2: Management support influences on the effectiveness of internal audit.
- H3: Auditee perception influences on the effectiveness of internal audit.
- H4: Organizational independence influences on the effectiveness of internal audit.
- H5: Audit staff competency influences on the effectiveness of internal audit.

3 RESEARCH METHOD

This study is conducted by survey method, which is by taking 15 from 23 districts/cities in Aceh Province. The choice of location is based on (1) representation of city and district areas, and (2) representation of financial performance that is measured from obtained opinions on examination of regional government financial statements. The unit of analysis is 332 government internal auditors who work in the district/city inspectorate.

Primary data is collected directly from the field using a questionnaire. Secondary data is obtained through the inspectorate offices of each district/city. Data analysis is carried out using descriptive statistics, average test and multiple linear regressions.

4 RESULT AND DISCUSSION

The Characteristics of Respondents

The characteristics of respondents in this study are the characteristics or the circumstances of respondents. The respondents who are the subjects in this study are 332 internal auditors who work at the district/city Inspectorate. The characteristics of respondents in this study included gender, age, level of education, and working period. The data regarding the characteristics of respondents from this study can be seen fully in the following Table 1.

Table 1: The Characteristics of Respondents

The Characteristics of Respondents		Amount	Percentage
Gender	Male	168	50.6
	Female	156	47.0
	No response	8	2.4

	Total	332	100
Age	21 to 30 years	26	7.8
	31 to 40 years	144	43.4
	41 to 50 years	115	34.6
	Above 50 years	41	12.4
	No response	6	1.8
	Total	332	100
Education	Diploma	24	7.2
	Bachelor	223	67.2
	Master	61	18.4
	Doctor	4	1.2
	No response	20	6.0
	Total	332	100
Years Of Service	Below 1 year	11	3.3
	1 to 3 years	27	8.1
	4 to 5 years	18	5.4
	Above 5 years	259	78.0
	No response	17	5.2
	Total	332	100

Source: processed data (2018)

The above Table 1 shows the male respondents in the sample are 168 people or 50.6% of the total sample and female respondents are 156 people or 47%, while the remaining 8 people or 2.4% are respondents who did not response on the gender column. Age of respondents is more dominant between 31 to 40 years old or 43.4% of the total sample and those who did not response on the age column are 6 people or 1.8%.

The majority of respondents who have Bachelor degree in level of education (S1) are 223

respondents or 67.2% of the total sample. The majority of respondents who have a working period of more than 5 years are 259 people or 78% of the number of samples while those that do not response on the work period column are 17 people or 5.2%.

The Results of Instrument Testing

The instrument testing of measuring tool is done to test whether it is used to meet the requirements as a good measuring tool in order to produce reliable data. Therefore it is necessary to test validity and reliability to assess the correlation between scores of each item statement with a total score. The testing the validity and reliability in this study uses the help of SPSS software.

The coefficient correlation of r Pearson correlation which is obtained must be compared with the critical value of the Pearson product moment correlation. Each item statement will be declared valid if the value of $r_{count} > r_{table}$ at a significance level of 5%. The critical value of Pearson product moment correlation or r_{table} value is 0.228.

Reliability test is a measurement to determine how far to which the measurement is without bias (error free), so that it shows accuracy, consistency, and determination of its measurements (Sekaran and Bougie, 2013). Measurement of reliability on the research instrument uses the Cronbach Alpha technique (a). Sekaran and Bougie (2013) state that an instrument can be said to be reliable if it has a reliability coefficient value or Cronbach Alpha value above 0.60. The results of the validity test and reliability test can be seen in the following Table 2.

Table 2: The Results of Validity and Reliability Tests

Variable	Item of Questions	Validity*		Reliability*	
		Correlation Coefficient	Description	Cronbach Alpha	Description
Effectiveness	E1	0.627	Valid	0.913	Reliable
	E2	0.579	Valid		
	E3	0.595	Valid		
	E4	0.677	Valid		
	E5	0.738	Valid		
	E6	0.716	Valid		
	E7	0.745	Valid		
	E8	0.651	Valid		
	E9	0.728	Valid		
	E10	0.718	Valid		
	E11	0.738	Valid		
	E12	0.669	Valid		
	E14	0.732	Valid		

Management Support	DM1	0.769	Valid	0.871	Reliable
	DM2	0.823	Valid		
	DM3	0.842	Valid		
	DM4	0.847	Valid		
	DM5	0.779	Valid		
Auditee Perception on Internal Audit Function	PA1	0.868	Valid	0.915	Reliable
	PA2	0.920	Valid		
	PA3	0.897	Valid		
	PA4	0.888	Valid		
Independence	IK1	0.810	Valid	0.825	Reliable
	IK2	0.752	Valid		
	IK3	0.762	Valid		
	IK4	0.752	Valid		
	IK5	0.766	Valid		
Competency of Internal Audit Staff	KK1	0.850	Valid	0.898	Reliable
	KK2	0.818	Valid		
	KK3	0.874	Valid		
	KK4	0.887	Valid		
	KK5	0.799	Valid		

*Valid : If the value of correlation coefficient > the critical value of r correlation = 0.228

*Reliable : If the value of cronbach alpha > 0.60

Table 2 shows the results of validity and reliability tests for each variable item. All variables in this study show the correlation coefficient of critical values (r) 0.228 which means that all indicators of variables in this study have good validity levels. The level of instrument reliability in each variable in this study shows a good and acceptable level of reliability because all variables have alpha cronbach value > 0.60.

The Results of Descriptive Statistics

The results of descriptive statistics for each variable can be shown in Table 3 below.

Table 3: Descriptive Statistics

Variable	Mean	Standard Deviation
Effectiveness of Internal Audit	4.17	0.51
Management Support	3.91	0.67
Auditee Perception	3.81	0.69
Independence	3.91	0.97
Audit Staff Competency	3.55	0.72

Table 2 shows the average value of each variable using the 5-point Likert scale. The average value of

the effectiveness of internal audit variable is 4.17 which almost close to the maximum value of 5. This means that respondents consider that government internal audit is still effective. The average value of management support variable gets a result by 3.91. This shows that respondents understand them in carrying out their duties to get full support from the leadership. The respondents also considered that the auditee perception on the internal audit function is very positive. This is indicated by the results of an average value by 3.81. Respondents also viewed them as still working independently with an average score by 3.91. While the average value of competency by 0.72 means that the auditor inspectorate has competent staff.

The Results of Hypothesis Testing

Hypothesis testing is done, firstly to test whether government internal audits are still effective. Secondly, to examine whether there is an influence of management support, auditee perceptions, independence and competence of audit staff on the effectiveness of government internal audits. The testing results can be seen in Table 4 below.

Table 4: The Results of Hypothesis Testing

	Mean	Mean Difference	t-value	p-value	Conclusion

Hypothesis I	58.378	-3.621	-10.378	0.000	H ₁ : Accepted
		Coefficient	t-value	p-value	Conclusion
Hypothesis II, III, IV, V					
Constant		36.242			
Management Support		0.323	2.584	0.010	H ₂ : Accepted
Auditee Perception		0.811	6.672	0.000	H ₃ : Accepted
Organizational Independence		0.220	1.467	0.143	H ₃ : Accepted
Audit Staff Competency		0.856	6.545	0.000	H ₅ : Accepted
N= 332; R= 0.564; R ² = 0.318; F= 31.304; Sig= 0.000;					

The first hypothesis states that government internal audits are effective. The results of hypothesis testing can be seen in Table 4 which shows the results of t-value = 10.378 with p-value = 0.000 is smaller than the significant level $\alpha = 0.05$. So it can be concluded that government internal audits are still effective in Aceh Province.

The results indicate that government internal audits in several districts/cities of Aceh Province are still working effectively. This means that internal audit has an increasingly strategic role going forward and the more effective the internal audit, the better the performance of the government. With the effectiveness of the auditors carrying out their duties, they are expected to become agents of change who can create added value to the products or services of government agency (AAIPI, 2014). Furthermore, the existence of an effective internal audit will greatly help the management of the

government in order to realize good governance that leads to clean government.

The study results also indicate that internal audits still work consistently to review financial reports, compliance with laws and regulations and to evaluate internal control systems. If this is done continuously, it will result in good and clean governance. The results indicate that government internal audit has been able to work in achieving the goals and objectives. This is consistent with (Dittenhofer, 2001) statement that effectiveness is the ability to achieve goals and objectives. Government internal audit has been effective, if the results are in line with its objectives (N. H. Ahmad *et al.*, 2009; Mihret, James and Joseph, 2010). The effectiveness of internal audit means that the ability to achieve the stated objectives has been achieved (M. Badara and Saidin, 2013).

Table 5 below shows the effectiveness of government internal audit indicators in Aceh Province.

Table 5: Effectiveness of Internal Audit Indicator

Effectiveness Indicator	Average Score Scale of 1 to 5
Ensuring audit results are consistent with the objectives	4.35
Reviewing compliance with laws and regulations	4.31
Reviewing compliance with policies and procedures	4.17
Evaluating government internal control systems	4.29
Preparing an annual audit plan	4.06
Evaluating the effectiveness of risk management	4.16
Recommending the improvement of the operational control system in the organization	4.15
Increasing the productivity of government organizations	4.00
Determining the feasibility and effectiveness of organizational system related to internal financial records and work supervision	4.12
Reviewing the reliability level of financial statements	4.17
Improving organizational performance	4.05
Ensuring the recommendations that are given are followed up by the leadership of the organization	4.12

Reviewing compliance on the regulatory in organization	4.13
Reviewing the suitability of program implementation with program planning	4.23
Total Score	4.17

Table 5 shows that the average results are close to the maximum value of 5. This means that government internal audit in Aceh Province is still effective. The testing results of the second, third, fourth and fifth hypotheses imply that there are several factors that influence the effectiveness of internal audit. These factors are management support, auditee perception, organizational independence, and audit staff competency. The results of the hypothesis testing can be seen in Table 4. Based on these results, the multiple linear regression equations can be obtained as follows:

$$Y = 36.242 + 0.323X_1 + 0.811X_2 + 0.220X_3 + 0.856X_4 + e$$

Description: Y = Effectiveness of internal audit;
 X1 = Management support;
 X2 = Auditee perception;
 X3 = Organizational independence;
 X4 = Audit staff competency;
 e = error.

It can be explained from the regression equation that the constant value is 36.242, which means if the factors of management support (X1), the perception of the auditee (X2), organizational independence (X3) and audit staff competency (X4) are considered constant, then the value of internal audit effectiveness is 36.242. The regression coefficient of management support (X1) is 0.323X1.

This means that there is an increase by one unit of management support will relatively increase the effectiveness of internal audit by 32.3%. Thus, the higher the management support, the more effective the internal audit, which in the end will motivate the auditors to work more so as to produce good performance.

The regression coefficient of auditee perception (X2) is 0.811. This means that there is an increase by one unit of auditee perception will relatively increase the effectiveness of internal audit by 81.1%. Thus, the better the auditee perception on internal audit, the more internal audit will be effective so that the results that are achieved will be good.

The results from the regression coefficient of organizational independence (X3) are 0.220. This means that, every increase by one unit of organizational independence then it will relatively increase the effectiveness of internal audit by 22%. Thus the more independent the internal audit

institution, the more effective the internal auditor. The results of audit staff competency coefficient (X4) are 0.856. This means that, each increase by one unit of audit staff competency will relatively increase the effectiveness of internal audit by 85.6%. Thus the higher the level of competency of the audit staff, the more effective the internal audit will be in producing audit reports.

Based on Table 4, it is obtained the coefficient of determination value ($R^2 = 0.318$) or 31.8%. This value indicates that management supports, auditee perceptions, organizational independence, and audit staff competency altogether have an influence on the effectiveness of government internal audits by 31.8%, while 68.2% are influenced by other factors that are not included in this study. It is obtained correlation coefficient (R) results by 0.564, it indicates that the degree of relation (correlation) between the dependent variable and the independent variable is 56.4% which means management supports, auditee perception, organizational independence, and audit staff competency have a positive relation with the effectiveness of government internal audits.

The testing result of the second hypothesis (H2) is shown in Table 4 which shows the results of accepting the alternative hypothesis (H2). This means that management support has a significant positive influence on the effectiveness of government internal audits. The results are consistent with previous studies such as Cohen and Sayag (2010); Mihret and Yismaw (2007); Anto, Sutaryo and Payamta (2016); and Baharuddin, Alagan and Mohd (2014) state that management support contributes significantly in increasing the effectiveness of internal audits.

Management support is an important aspect of carrying out work. Cohen and Sayag (2010) state that management support provides support for all programs that are implemented by internal audits or ensures that internal audits have sufficient resources to carry out all work related to the audit. Forms of management support vary, for example, providing facilities, training and education and so on. Like what is stated by Mihret, James and Joseph (2010) forms of support can be in the form of adequate allocation in human resources and equipment for internal audits, as well as a form of coordination with auditors in order to be able to work together

with the internal audit during the execution of their duties.

The testing result of the third hypothesis (H3) is shown in Table 4 which shows the results of accepting the alternative hypothesis (H3). This means that the auditee perception on internal audit function has a significant positive influence on the effectiveness of government internal audit. The results indicate that auditee still believes in internal audit function. According to Mulyadi (2002) internal audit function is to investigate and to assess internal control and the efficiency from the implementation of functions in various organizational units. Thus the internal audit function is a form of control whose function is to measure and assess effectiveness of other internal control elements.

The purpose of internal audit itself is to provide added value and to make improvements to the organization operations. Furthermore, this goal can be done by helping organizations achieve their goals through a systematic approach, discipline to evaluate and to make improvements on the effectiveness of risk management, control processes that are honest, clean and good (Akmal, 2006). Positive auditee perceptions will have an impact on internal audits that function effectively.

The testing result of the fourth hypothesis (H4) is shown in Table 4 which shows the results of rejecting the alternative hypothesis (H4). This means that the organizational independence does not significantly influence the effectiveness of government internal audits in Aceh Province. The results are not consistent with the results of previous studies such as Anto, Sutaryo and Payamta (2016); Baharuddin, Alagan and Mohd (2014); Cohen and Sayag (2010); and D'Onza *et al.* (2015) who state that organizational independence influences the effectiveness of government internal audits.

According to (Walther and Skousen, 2009), there are three kinds of threats of independence between internal audit and management, they are if internal audit career still depends on auditing, budget approval is still in the hands of auditing, and there is involvement from management (audited) in developing internal audit plans. Relating to internal audit career, the current career level system of which internal audit is one step to occupy managerial positions can be a threat to internal audit independence (Goodwin and Yeo, 2001). The same thing is also stated by Stewart and Zain, Subramaniam and Stewart (2006) who state that the placement pattern of internal auditors into managerial positions allows the reluctant when they

are auditing the audited, and they know they will occupy it in the future.

Independent threats are also caused by the confusion from the role of internal auditors between the trustees and as the consultants (Cooper, Leung and Wong, 2006), despite the experimental results of Zain, Subramaniam and Stewart (2006), internal auditors do not become biased when conducting activities as consultants. Independence threat actually arises when internal auditors are involved in the risk management process in audited organizations (Zain, Subramaniam and Stewart, 2006). This is different from Arena and Azzone (2009), that by monitoring internal control systems and risk management, internal audit can help managers achieve their goals by giving advice on the effectiveness of these controls.

However, the independence of internal auditors must continue to be endeavored so that in each assignment, internal auditor does not feel that he has a disturbance, either fear or intervention that can influence his judgment. Internal auditors are not allowed to side with anyone, because their technical expertise is perfect. In the absence of independence, they will not be able to maintain their freedom of opinion (Singgih and Bawono, 2010). If the auditor has been independent, the auditor can maintain objectivity, so that the results are more valid and accountable. In general perception, internal auditors cannot carry out their audit activities effectively without independence and objectivity, because both of these are fundamental attributes for internal auditors to maintain their credibility (D'Onza *et al.*, 2015). AAPI (2014) regulate the independence of internal audits in the form of coordination from the leadership of internal audit with the leadership of ministries/institutions/regional governments that are realized by signing the audit charter between internal audit and government/regional government. This is a form of commitment that government/regional government will not interfere in the performance of internal audits so that the responsibility for carrying out audits can be fulfilled.

The testing result of the fifth hypothesis (H5) is shown in Table 4 which shows the results of accepting the alternative hypothesis (H5). This means that the competence of internal audit staff has a significant positive influence on the effectiveness of internal audit in Aceh Province. The results are consistent with the results of previous studies such as Baharuddin, Alagan and Mohd (2014) and (N. H. Ahmad *et al.*, 2009) who states the competence of audit staff contributes to the effectiveness of internal audit.

To achieve the stated goals, an organization must have reliable personnel. It is the personnel who are professional and proficient in carrying out their duties. Personnel expertise will be a guarantee for the organization that the assigned tasks will be completed properly. The same applies to internal audit entities. An auditor performance will be carried out by using technical competencies, including education, experience, and ongoing training (Awaluddin, 2013). In the government internal audit standards, the role of APIP as an effective internal auditor can be realized if it is supported by professional and competent auditors, such as education, knowledge, expertise and skills, experience, and other competencies that are needed to carry out their duties and responsibilities (AAIPI, 2014).

As time goes by, auditors must always maintain and renew their expertise, so that they can always carry out their duties and responsibilities optimally, through the means of Continuing Professional Education in order to ensure their competencies which are in accordance with APIP needs and environmental development supervision. Awaluddin (2013) mentions professional expertise as a technical competency, it is the competency that must be possessed by an auditor either in the fields of auditing, accounting, government administration, or communication science. The technical competency of internal auditors must be continuously improved in order to provide efficient and effective and high-quality services to interested parties (Mihret and Yismaw, 2007; Mihret, James and Joseph, 2010).

6 CONCLUSIONS

Based on the results of discussion in the previous chapter, then the conclusions are as follows.

1. Government internal audits at several districts/cities in Aceh Province are still effective.
2. Altogether the variables of management support, auditee perceptions, organizational independence, and audit staff competency have an influence on the effectiveness of government internal audits at several districts/cities in Aceh Province.
3. Each variable of management support, auditee perception and audit staff competency partially have a significant influence on the effectiveness of internal audit. While the organizational

independence variable does not influence the effectiveness of internal audit.

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